

## **Department of Business, Economic Development and Tourism**

The department achieved notable progress on energy-related legislation. Most striking was enactment of a bill (SB2474) requiring Hawai'i's electric utility companies to obtain at least 20 percent of their energy from renewable sources by the year 2020. This bill, which was very similar to the one proposed by the Administration, will reduce the need to import fossil fuels, improve Hawai'i's environment, keep more money in the state and create local jobs.

Other achievements involving the department include legislation that will:

- Encourage energy savings through the state contracting process (HB2049) by broadening financing options and increasing the allowable length of contracts from 15 to 20 years. This will encourage projects such as water savings retrofits.
- Stimulate the use of ethanol (SB3170), a renewable fuel that could be produced locally, by establishing a requirement to blend at least 85 percent of gasoline with a 10 percent blend of ethanol, starting January 1, 2006.
- Increase the size of renewable energy systems that are eligible for "net metering" from 10 kilowatts to 50 kilowatts (HG2048). Utility customers who install net-metered systems will receive full retail credit for excess energy produced and fed back into the utility system.
- Increase the use of renewable energy by helping taxpayers use the renewable energy technologies income tax credit (SB3162). This will encourage projects such as the installation of solar devices in low-income housing.

To help the state economy, an administration bill related to capital investments was enacted (HB2396). The legislation will:

- Extend incentives (known as "Act 221") to support emerging growth companies that help diversify our economy. Last year, the Administration proposed amending the law to implement tighter eligibility requirements to curb abuses.
- Provide more targeted incentives encouraging the growth of technology-based companies that create high-paying jobs.
- Restrict the research and development tax credit to companies that are truly high technology businesses.
- Extend the technology infrastructure credit to encourage Hawai'i's tourism sector to adopt technologies that improve the visitor experience.
- Enact a state private investment fund that will provide investment capital for technology and growth companies that have moved beyond the start-up or "seed" stages.

Other notable economic development accomplishments include legislation that will:

- Restore the Hawai'i Capital Loan Program (HB2397) and the Hawai'i Strategic Development Corporation (HB2386), two programs the legislature eliminated on the final day of the 2003 session. These two programs support the growth of Hawai'i's small business community.
- Support the Natural Energy Laboratory of Hawai'i by keeping sensitive tenant information confidential (HB2142).

- Ted Liu, Director